

Monthly Financial Management Report

For the Month Ended October 31, 2015



ESTABLISHED 1842

UNION COUNTY GOVERNMENT

NORTH CAROLINA

Transmittal Letter

The Management of Union County, NC, is pleased to provide the *Monthly Management Report* for the month ended October 31, 2015. This report, as reflected in the table of contents, focuses primarily on the financial condition of the County. This report will, over time, evolve as additional information is included and as there is refinement.

As this is an evolving process, we welcome critiques and suggestions for improving the report and its usefulness.

The goals of this report are as follows:

Transparency – The information included in this report reflects the cumulative financial transactions for the County through the month indicated. Additionally, there is analysis comparing this current year to prior years.

Communications – The report provides a concise tool to communicate financial trends and interpretation of the financial data to the public and the County's policy makers. Additionally, the report provides a means to generate conversation concerning the data. The trend data included in the report serves to provide an indicator based approach to reviewing the information. While trends vary from year-to-year, significantly differing trends are indicative of areas that may require additional analysis or review.

Sustainability – This report supports the Commission's goal of sustainability by providing a basis for policy decisions throughout the year. While historically the budget was primarily discussed during the budget making process, through this report, the information will bridge the time between the budget processes.

With these goals in mind, we respectfully submit the *Monthly Management Report for the Month Ended October 31, 2015*.

Cynthia A. Coto
County Manager

Jeffrey A. Yates
Exec. Dir. Of Administrative Services/CFO

Report Highlights for October 31, 2015

Combined revenues outpaced expenditures for all funds by \$14,161,084 for the month ending October 31, 2015. Total revenues for the month of October were \$37,638,061 and expenditures were \$23,476,977. Year-to-date, the County has collected \$83,178,099 in revenues and expended \$92,501,794. In comparison to FY 2015, the County is 7.51% above last year's revenues and 2.04% above last year's expenditures. Additional detailed information can be found starting on page 4 of this report.

General Fund revenues exceeded expenditures by \$5,000,718 for the month ending October 31, 2015. Total revenues for the month of October were \$13,606,234 and expenditures were \$8,605,516. Expenditures have outpaced revenues by \$6,359,840 YTD through the month ended October 31, 2015. This trend is reflective of the cyclical nature of the revenue collection in the General Fund. Additional detailed information can be found starting on page 14 of this report.

Current and prior years' ad valorem taxes collected for real, personal, and public utility property for the month of October 31, 2015 were \$8,427,274. Based on a three year year-to-date average for the same period, the County expected to collect \$15,355,747 YTD, however, the County has collected \$15,114,431 through October 31, 2015 putting it on projection. The County is behind projections, having collected 21.53% of total budget in the current year vs. a three year average collected at this point in time of 25.24%. Additional detailed information can be found on page 17 of this report.

Current and prior years' ad valorem taxes collected for vehicles for the month of October 31, 2015 were 545,450. Based on a three year year-to-date average through the same period, the County expected to have collected \$1,728,676, however, the County has collected \$1,721,206 through October 31, 2015. Collections are behind of their averages due to the State of North Carolina's implementation of collecting taxes with license plate and registration renewals two year ago. Therefore, prior years' collections are not a good comparison for this year and following years. Additional detailed information can be found on page 17 of this report.

As of October 31, 2015, the combined local option sales taxes of \$2,844,342 have been collected YTD. Based on the three year average, the County expected to have collected 8.13% of the total through the current period. The County is ahead of projections, having collected 8.86% of sales tax. Additional detailed information can be found on page 18 of this report.

Water and Sewer revenues exceeded expenditures by \$1,118,997 during the month ended October 31, 2015. Total revenues were \$4,602,746 and expenditures were \$2,709,640. Year to date, revenues of \$16,066,212 have exceeded expenditures of \$8,683,779 by \$7,382,433. Additional detailed information can be found starting on page 20 of this report.

Water and Sewer Fund service charges collected the month of October 31, 2015 were \$3,735,843. Based on the three-year average, the County expected to collect \$2,701,365 for the same period. The County has collected \$11,484,528 in service charges through October 31, 2015 or roughly 34.58% of budget. Based on the three-year average through the same month, the County should have collected approximately \$9,656,614 or 29.08% of projected budget. Additional detailed information can be found on page 22 of this report.

Revenue for the Solid Waste Fund was \$387,144 for the month of October 31, 2015 and totals \$1,526,256 or 39.66% of projected budget year to date. The County is ahead of projections, having collected 6.18% more than the budgeted amount year to date. Additional detailed information can be found on page 24 of this report.

Fiscal Indicators for October 31, 2015

Indicator	Trend	For the Month ended October 31, 20xx				
		FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
All Funds Revenue	↑	83,178,099	77,367,929	77,609,327	63,945,287	45,536,899
All Funds Expenditures	↓	92,501,794	90,650,507	83,101,340	71,275,539	69,281,593
School Budgetary Fund Cash Flow (Net)** ¹	↑	-10,720,927	-9,338,604			
Ad Valorem Taxes (CY & PY's) ¹	→	22,892,961	24,081,032			
Ad Valorem Taxes - Vehicles (CY & PY's) ¹	↑	2,757,140	2,137,020			
Contracts, Grants & Subsidies ¹	→	35,558,571	36,254,174			
General Fund Cash Flow (Net)*** ¹	↑	-9,974,784	-9,974,784	-10,552,708	-11,930,892	-27,028,886
Ad Valorem Taxes (CY & PY's) ¹	↑	15,114,431	16,663,930	41,159,819	33,449,390	17,535,635
Ad Valorem Taxes - Vehicles (CY & PY's) ¹	↑	1,721,206	1,592,309	5,058,403	4,164,458	3,755,855
Local Sales Tax - 1 Cent, Article 39	↑	1,335,143	1,236,675	1,133,891	1,056,319	991,213
Local Sales Tax - 1/2 Cent, Article 40	↑	800,866	676,636	629,200	619,072	585,491
Local Sales Tax - 1/2 Cent, Article 42	↑	708,333	656,416	603,761	565,357	525,530
Employee Compensation	↓	11,930,720	11,429,314	10,681,470	10,251,687	10,298,192
Employee Benefits	↓	6,379,587	6,209,142	5,757,658	4,823,121	4,335,100
Operating Costs	↓	9,139,995	8,750,506	8,955,521	7,682,057	7,206,968
Contracts, Grants & Subsidies ¹	↓	1,997,654	4,255,765	30,798,496	31,160,747	29,706,274
Debt Service	↑	5,361,481	5,797,522	5,824,119	7,373,707	8,312,437
Water and Sewer Cash Flow (Net)	↑	7,382,433	3,645,216	2,443,295	3,447,376	2,653,138
Service Charges	↑	11,484,528	9,485,942	8,045,062	7,916,196	7,476,939
Capacity and Tap Fees	↑	4,302,132	1,640,181	1,533,809	805,179	1,087,568
Operating Costs	↓	3,034,587	2,720,614	2,963,458	2,389,843	2,109,241
Solid Waste Revenue	↑	1,526,256	1,333,296	1,621,925	1,297,405	1,232,873

*Historical variance is based on the last 4 completed fiscal years. Debt service proceeds (refunding) are netted out of both revenues and expenditures.

**First year of operation, no historical data available for trending analysis.

***Excluded from FY 2012 is the one time Hospital Lease Revenue of \$54MM.

¹ The trend arrows refer to the combined amounts of the School Budgetary Fund and General Fund.



Positive Trend - more than 5% over statistical variance to the County's benefit



Neutral Trend to be Monitored - within 5% (above or below) of historical variance



Negative Trend - more than 5% under statistical variance to the County's detriment

All Funds Report Highlights

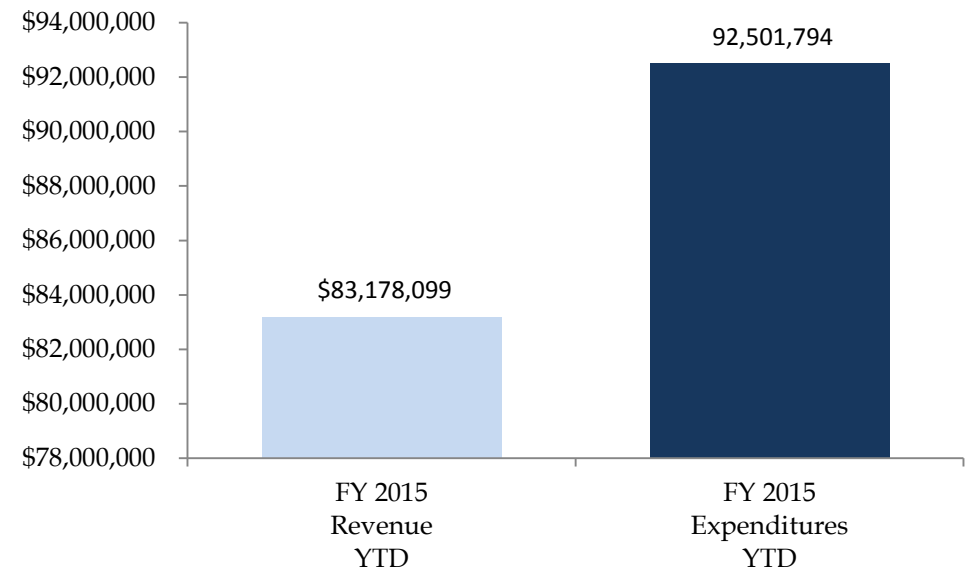
Combined fund cash flows can be deceiving, however, based on historical information the County typically runs a deficit in each of the first 3 months, and makes up most of the shortfall in the months of October and November.

In FY 2014, the County had collected \$282.51 MM through May 31st (adjusted), and had expended \$271.92 MM through the same period. The net cash flow surplus was \$10.20 MM.

In the last three fiscal years, the County has averaged collecting 89.34% of all actual revenues through the end of May and expended 87.13% through the same period. Year to date the County has collected 87.77% of budgeted revenues and expended 84.08% of budgeted expenditures. Revenues are 1.57% behind, while expenditures are 3.22% behind their historical average, therefore the outlook is neutral.

All Funds Cash Flow Analysis

	FY 2016 Revenue YTD	FY 2016 Expenditures YTD	Monthly Over/ (Under)
July	\$ 6,285,459	21,393,506	(15,108,047)
August	16,148,730	21,417,679	(5,268,949)
September	23,105,849	26,213,632	(3,107,783)
October	37,638,061	23,476,977	14,161,084
November	-	-	-
December	-	-	-
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
Total YTD	\$ 83,178,099	92,501,794	(9,323,695)

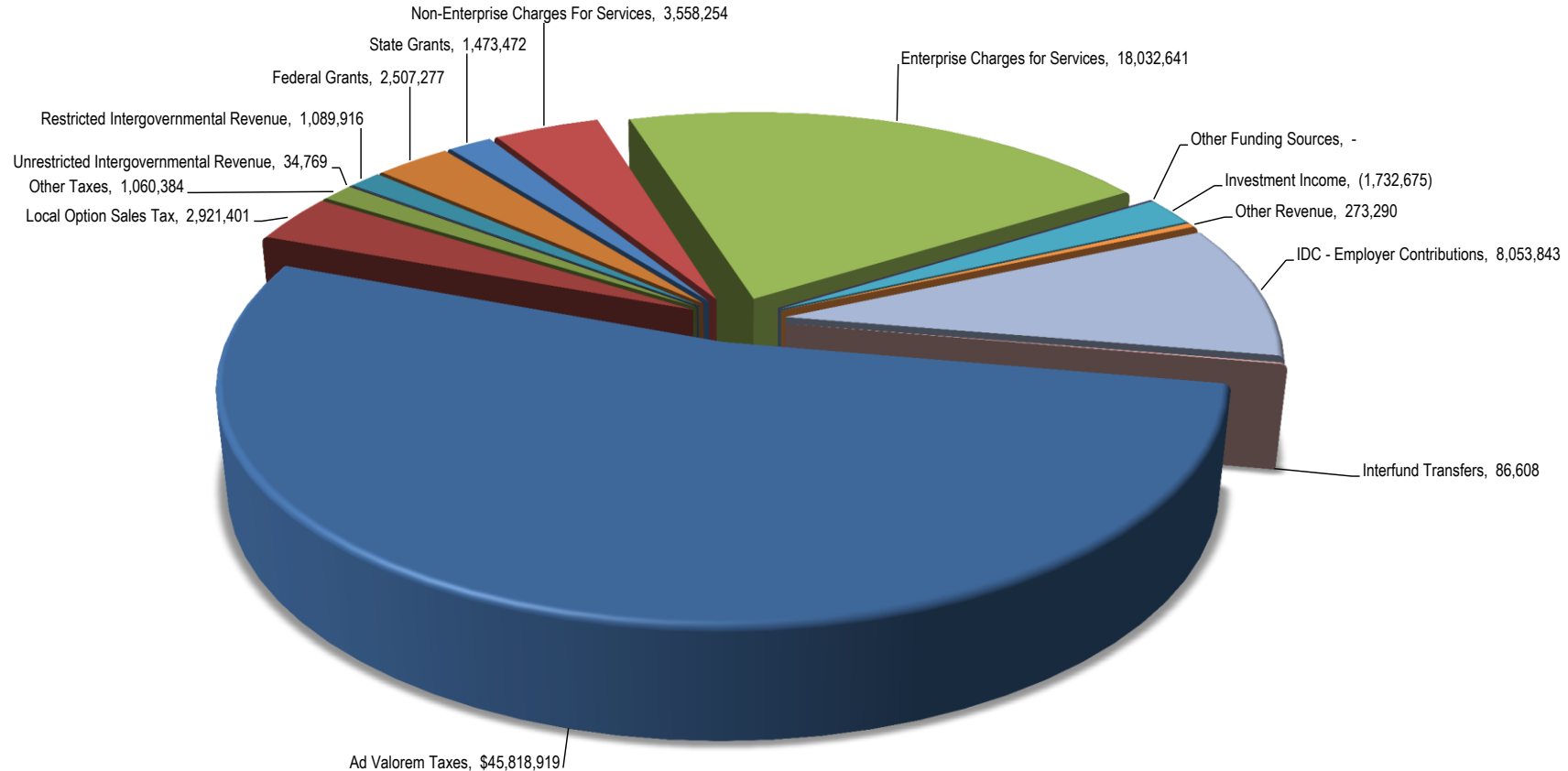


Neutral

Revenues collected year to date are 1.57% below of their average, and expenditures are 3.22% behind their historical averages.

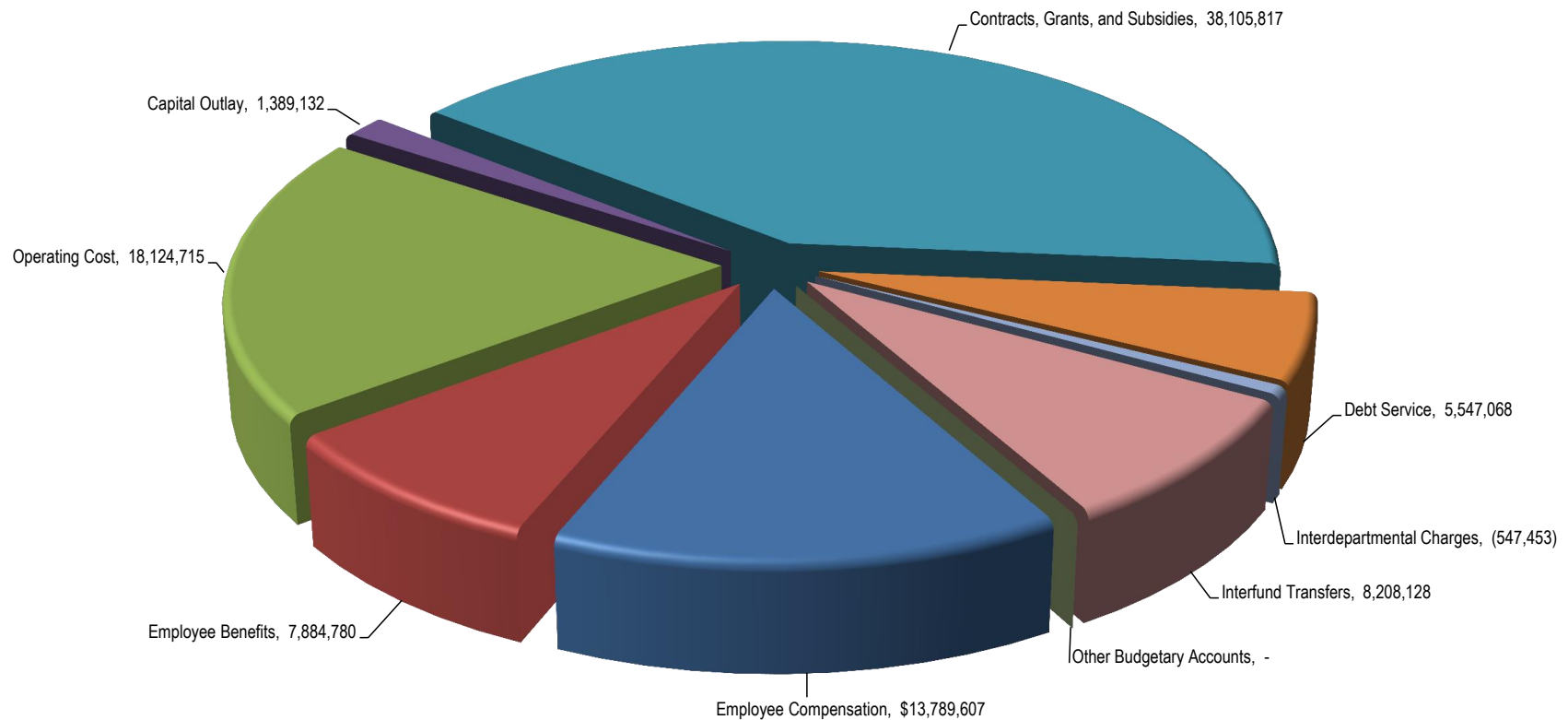
All Funds Revenue

	FY 2016 Actual YTD	FY 2016 Revised Budget	FY 2016 % of Budget Realized	3 Yr. Avg % of Actual Realized	FY 2016 Variance To Average	Trend- Neutral
Ad Valorem Taxes	\$ 45,818,919	185,393,478	24.71%	25.40%	-0.68%	During the past three years, the County has realized 89.34 percent of its actual revenues by May 31st. In FY 2015, the County has realized 87.77 percent of its budget estimates. Collections of ad valorem taxes, non-enterprise and enterprise charges for services, and local options sales taxes are all higher than their historic 3 year averages at this point. The implementation of three new Internal Service Funds in FY 2015 has lead to higher historical averages for interdepartmental charges (IDC) for employer contributions to the new funds.
Local Option Sales Tax	2,921,401	35,447,634	8.24%	8.13%	0.11%	
Other Taxes	1,060,384	3,407,175	31.12%	28.36%	2.77%	
Unrestricted Intergovernmental Revenue	34,769	79,200	43.90%	30.13%	13.77%	
Restricted Intergovernmental Revenue	1,089,916	11,286,162	9.66%	12.13%	-2.47%	
Federal Grants	2,507,277	13,902,525	18.03%	15.24%	2.79%	
State Grants	1,473,472	8,746,434	16.85%	28.82%	-11.97%	
Non-Enterprise Charges For Services	3,558,254	11,796,701	30.16%	31.54%	-1.37%	
Enterprise Charges for Services	18,032,641	42,040,588	42.89%	29.23%	13.66%	
Other Funding Sources	-	7,248,000	0.00%	0.00%	0.00%	
Investment Income	(1,732,675)	2,459,832	-70.44%	-235.81%	165.37%	
Other Revenue	273,290	6,942,985	3.94%	4.92%	-0.99%	
IDC - Employer Contributions	8,053,843	28,183,747	28.58%	22.97%	5.60%	
Interfund Transfers	86,608	259,829	33.33%	18.13%	15.20%	
Total YTD	\$ 83,178,099	358,029,290	23.23%	20.24%	2.99%	



All Funds Expenditures

	FY 2016 Actual YTD	FY 2016 Revised Budget	FY 2016 % of Budget Realized	3 Yr. Avg % of Actual Realized	FY 2016 Variance To Average	Trend - Positive
Employee Compensation	\$ 13,789,607	48,322,638	28.54%	29.93%	-1.39%	During the past three years, the County has realized 87.31 percent of its actual expenditures by May 31st. In FY 2015, the County has realized 84.08 percent of its budget estimates. This is led by less than average spending on employee compensation and operating costs.
Employee Benefits	7,884,780	29,136,116	27.06%	27.86%	-0.80%	
Operating Cost	18,124,715	76,125,194	23.81%	26.63%	-2.82%	
Capital Outlay	1,389,132	5,296,268	26.23%	20.36%	5.87%	
Contracts, Grants, and Subsidies	38,105,817	116,740,689	32.64%	32.35%	0.29%	
Debt Service	5,547,068	53,945,656	10.28%	11.87%	-1.59%	
Interdepartmental Charges	(547,453)	(1,984,232)	27.59%	26.38%	1.21%	
Interfund Transfers	8,208,128	24,624,335	33.33%	24.05%	9.28%	
Other Budgetary Accounts	-	5,537,626	0.00%	0.00%	0.00%	
Total YTD	\$ 92,501,794	357,744,290	25.86%	26.62%	-0.77%	



Investment Highlights and Economic Analysis

Background

The investment policy applies to the investment of short-term operating funds. It is the general policy of Union County to commingle all available aforementioned cash into a common investment portfolio with interest and/or investment earnings allocated to the various funds on a pro-rata basis. Specifically exempted from this policy are Social Services and Jail Inmate Fund trust accounts, (whereby Union County serves as the trustee for assets belonging to others), OPEB Funds that are held in the State Treasurers Trust Fund, and bond and/or note proceeds. Regulations established by the Internal Revenue Service require local governments to exercise special treatment in the investment of bond and/or note proceeds, including the implementation of procedures designed to separately track investment earnings on the bonds and/or note proceeds for arbitrage and rebate calculations.

The primary objectives, in priority order, of the County's investment activities shall be: Safety, Liquidity, and Yield. With these priorities as the basis, the standard of prudence used by investment officials is the "prudent person" standard and is applied in the context of managing an overall portfolio.

Authority to manage the investment program is granted to the Finance Officer and is derived from G.S. 159-30.

The County purchases permitted investments through the approved "Broker/Dealer" list, in accordance with the internal control framework. Internal Controls are established through the investment policy.

Permitted investments are those which are qualified under Section 159-30 of the General Statutes of North Carolina, as amended from time to time.

Current Economic Conditions

1. North Carolina's statewide unemployment rate seasonally adjusted was 5.9 percent in August, remaining unchanged from July's revised rate. This was a 0.1 percentage-point decrease over the year. Over the month, the unemployment rate (not seasonally adjusted) decreased in 86 of North

Carolina's counties in August, increased in four and remained unchanged in ten. The attached map indicates the unemployment rates in each county as of August 2015.¹

Union County's unemployment rate was 5.2 percent in August 2015. This was a decrease of 0.1 percent from July's revised rate of 5.3 percent and a decrease of 0.4 percent from August 2014. The County's unemployment rate is below the State's 6.1 percent rate (not seasonally adjusted).²

2. The Conference Board, a New York based private research group, announced Tuesday, October 27, 2015 that it's Consumer Confidence Index, which had increased moderately in September, declined in October. The Index now stands at 97.6 (1985=100), down from 102.6 in September. The Present Situation Index decreased from 120.3 last month to 112.1 in October, while the Expectations Index edged down to 88.0 from 90.8 in September. The Conference Board also announced on Monday, November 9, 2015, that it's, Employment Trends Index (ETI) increased in October. The index now stands at 129.48, up from 128.65 in September (after a downward revision). The change represents a 4.1 percent gain in the ETI compared to a year ago.²
3. Union County's housing data is also starting to show signs of economic improvements compared to prior years. For July 2015 thru Oct 2015 there were 220 commercial permits and 1,315 residential permits issued for a total of 1,535 building permits issued county-wide, compared to July 2014

¹ North Carolina Employment Security Commission, NC Department of Commerce – Labor and Economic Analysis Division, News Release, September 18, 2015 and September 30, 2015. This report can be found at: <http://www.ncesc1.com/PMI/rates/ratesmain.asp#county>

² Additional information concerning The Conference Board and the ETI can be found at www.conference-board.org

thru October 2014 with total permits of 1,280; showing a 19.92 percent increase.³

National housing data continues to show improvement compared to 2014. Concerning building permits, "Privately-owned housing units authorized by building permits in October were at a seasonally adjusted annual rate of 1,150,000. This is 4.1 percent ($\pm 1.5\%$) above the revised September rate of 1,105,000 and is 2.7 percent ($\pm 2.2\%$) above the October 2014 estimate of 1,120,000. Single-family authorizations in October were at a rate of 711,000; this is 2.4 percent ($\pm 1.5\%$) above the revised September figure of 694,000. Authorizations of units in buildings with five units or more were at a rate of 405,000 in October."

"Privately-owned housing starts in October were at a seasonally adjusted annual rate of 1,060,000. This is 11.0 percent ($\pm 13.5\%$) below the revised September estimate of 1,191,000 and is 1.8 percent ($\pm 11.2\%$) below the October 2014 rate of 1,079,000. Single-family housing starts in October were at a rate of 722,000; this is 2.4 percent ($\pm 9.9\%$) below the revised September figure of 740,000. The October rate for units in buildings with five units or more was 327,000."⁴

National housing data represents an indicator or overall economic health, as well as an indicator of the mind of the consumer. Increases nationally and locally in permits and starts demonstrate positive growth, which in turn leads to growth in other sections. These indices have market impact as investors watch to attempt to forecast the economic future, thus moving markets higher or lower.

Current Portfolio at a Glance

Given the economic uncertainty, we believe it is prudent to continue to maintain a relatively short position in our cash flow

³ The County's data includes permits issued by Union County, City of Monroe, and the Town of Waxhaw.

⁴ Mayo, Raemeka or Cooper, Stephen, et Al., "New Residential Construction in October 2015", US Census Bureau News Joint Release U.S. Department of Housing and Urban Development, November 18, 2015.

portfolio. At this point, locking into any longer term investments would yield minimal, if any, incremental interest rate yields.

For the months of July 2015 – October 2015, on the invested securities the County owns, the County has earned \$249,430 in interest. This is 9.97% of total budgeted interest income for FY 2016. The total FY 2016 budget estimate for interest income is \$2,501,742.

In our Optimizer 1-3 and Optimizer 3-5 portfolios we will continue to rebalance our investment securities on a monthly basis to mirror the Merrill Lynch 1-3 and 3-5 Agency Bullet Indexes. The Merrill Lynch 1-3 and 3-5 Agency Bullet Indexes are ranked amongst the top ten bond mutual funds in the United States.

The Government Finance Officers Association Best Practice recommends using benchmarks to assess portfolio risk and return. Further recommended is to assess our portfolio performance and risk by comparing the total return of the portfolio to selected benchmarks. Union County has been doing this recommended practice for over a decade with our Optimizer Portfolios.

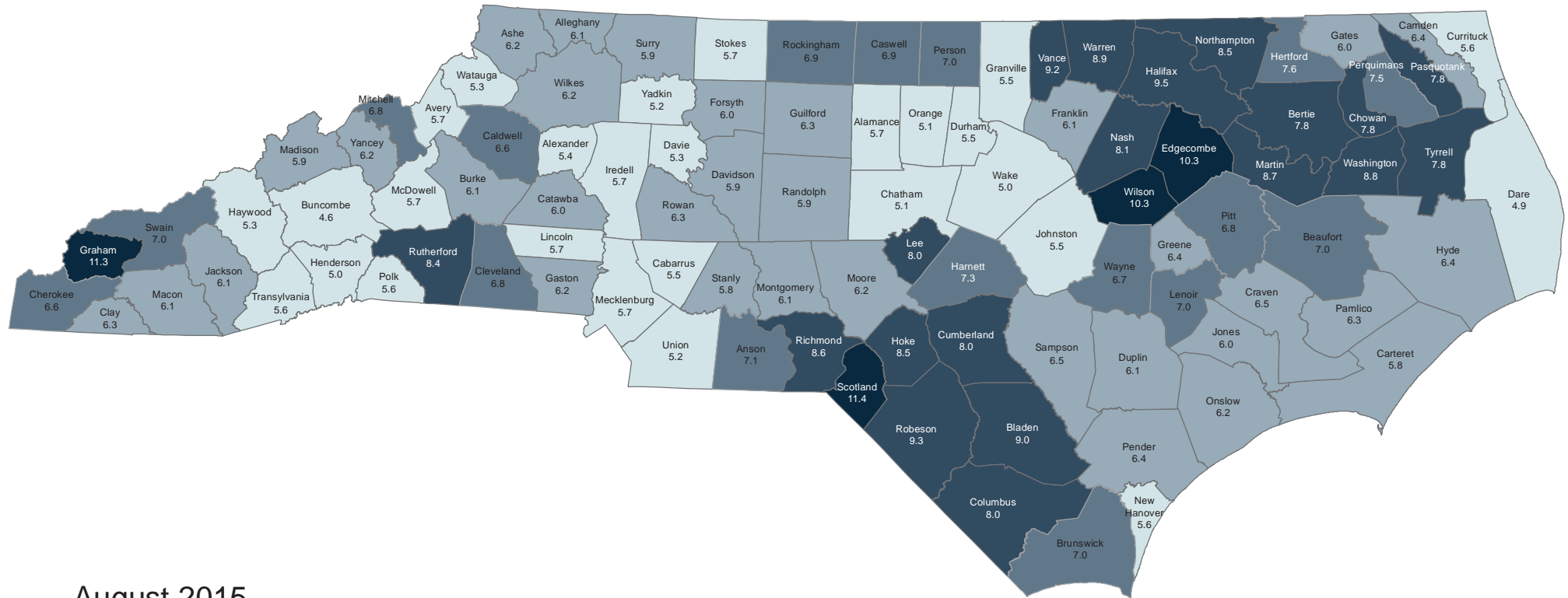
The attached graphs represent the amounts that are held within each portfolio and the breakdown of our portfolio by security type of investments as of May 31, 2015 (last month reported) compared to October 31, 2015.

As the pie charts attached indicate, we are in compliance with the North Carolina General Statute 159-30.

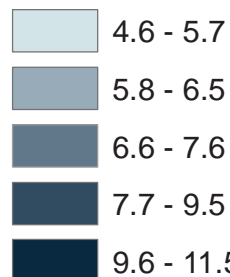
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North Carolina Unemployment Rates by County

August 2015



August 2015



- ▲ 4 Counties Higher Than Previous Month
- ▼ 86 Counties Lower Than Previous Month
- = 10 Counties Same as Previous Month

North Carolina Rate 6.1%
Not Seasonally Adjusted

Note: August 2015 data are preliminary.
Prepared by Labor & Economic Analysis, North Carolina Department of Commerce 9_2015



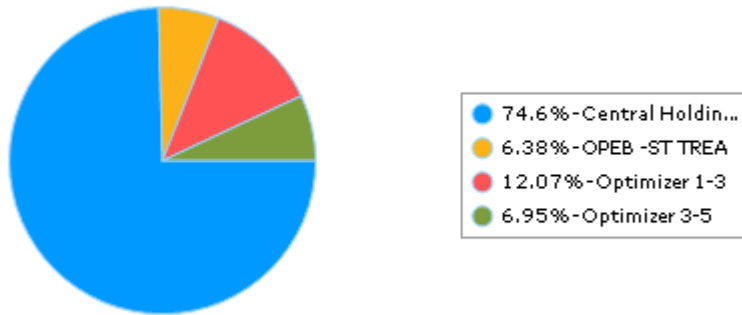
Union County **Distribution by Portfolio Name - Market Value** **All Portfolios**

Begin Date: 5/31/2015, End Date: 10/31/2015

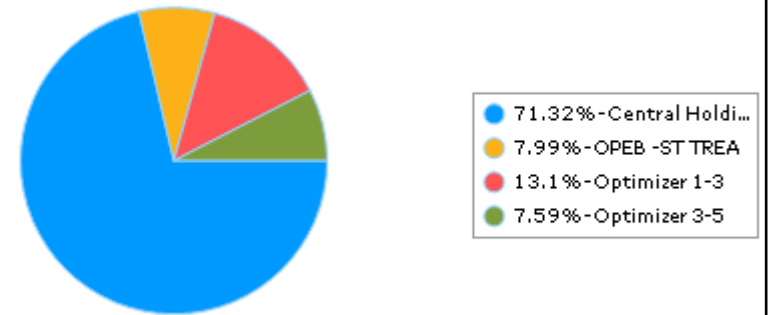
Portfolio Name Allocation

Portfolio Name	Market Value 5/31/2015	% of Portfolio 5/31/2015	Market Value 10/31/2015	% of Portfolio 10/31/2015
Central Holdings	204,234,913.17	74.60	178,829,547.45	71.32
OPEB -ST TREA	17,465,338.75	6.38	20,041,419.12	7.99
Optimizer 1-3	33,045,271.70	12.07	32,857,658.44	13.10
Optimizer 3-5	19,038,783.35	6.95	19,024,698.80	7.59
Total / Average	273,784,306.97	100.00	250,753,323.81	100.00

Portfolio Holdings as of 5/31/2015



Portfolio Holdings as of 10/31/2015





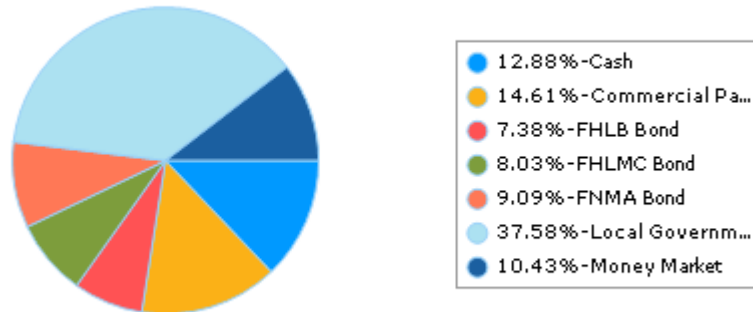
Union County **Distribution by Security Type - Market Value** **All Portfolios**

Begin Date: 5/31/2015, End Date: 10/31/2015

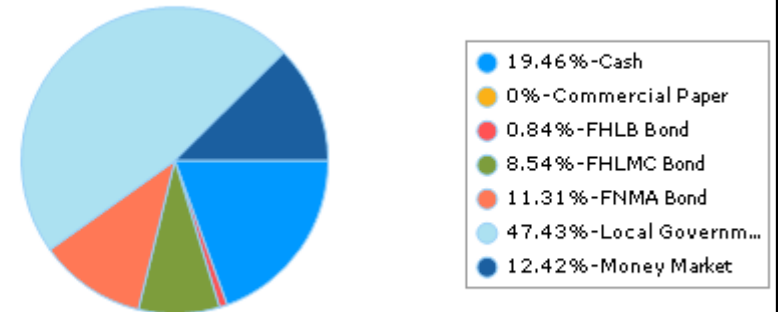
Security Type Allocation

Security Type	Market Value 5/31/2015	% of Portfolio 5/31/2015	Market Value 10/31/2015	% of Portfolio 10/31/2015
Cash	35,273,976.09	12.88	48,805,454.54	19.46
Commercial Paper	39,988,946.20	14.61	0.00	0.00
FHLB Bond	20,215,065.16	7.38	2,094,696.00	0.84
FHLMC Bond	21,989,667.55	8.03	21,426,520.37	8.54
FNMA Bond	24,880,192.34	9.09	28,361,140.87	11.31
Local Government Investment Pool	102,874,731.92	37.58	118,927,238.80	47.43
Money Market	28,561,727.71	10.43	31,138,273.23	12.42
Total / Average	273,784,306.97	100.00	250,753,323.81	100.00

Portfolio Holdings as of 5/31/2015



Portfolio Holdings as of 10/31/2015



The Procurement Project Advertisement Report provides a snapshot of projects that are forecasted to be advertised in the upcoming months. This information can be used as a strategic business tool for the business community. If you have questions, please contact the procurement representative assigned to the solicitation.

Union County, North Carolina
Procurement Project Advertisement Report
Date: November 4, 2015



Project Description	Solicitation Method	Procurement Contact Person	Advertisement Date (estimated)	Due Date (Estimated)
UCSO Firing Range	IFB	Cheryl Wright E-mail: Cheryl.wright@co.union.nc.us Phone: (704)283-3563	Dec-15	Jan-16
Broker/Dealer Bid List	RFP	David Shaul E-mail: David.shaul@co.union.nc.us Phone: (704) 283-3601	Dec-15	Jan-16
Historic Courthouse Utilization	RFQ	David Shaul E-mail: David.shaul@co.union.nc.us Phone: (704) 283-3601	Jan-15	Feb-16
Property Tax Software	RFP	David Shaul E-mail: David.shaul@co.union.nc.us Phone: (704) 283-3601	Feb-15	Mar-16
Manage Print Service	RFP	David Shaul E-mail: David.shaul@co.union.nc.us Phone: (704) 283-3601	Apr-16	May-16
Audio Visual Upgrade for Union County Facilities	RFP	David Shaul E-mail: David.shaul@co.union.nc.us Phone: (704) 283-3601	Dec-15	Dec -15
Water Meters	IFB	Marie Gonzalez E-mail: marie.gonzalez@unioncountync.gov Phone: 704-283-3683	Oct-15	Nov-15
SCADA Master Plan Study: Engineering Professional Services	RFQ	Marie Gonzalez E-mail: marie.gonzalez@unioncountync.gov Phone: 704-283-3683	Dec-15	Feb-16
Hunley Creek WWTP Decommissioning	IFB	Marie Gonzalez E-mail: marie.gonzalez@unioncountync.gov Phone: 704-283-3683	Nov-15	Dec-15
Crooked Creek WWTP IPS/Headworks/Equalization Project	IFB	Marie Gonzalez E-mail: marie.gonzalez@unioncountync.gov Phone: 704-283-3683	Dec-15	Jan-16
Yard/Pallet Waste Grinding/Processing Services	RFP	Marie Gonzalez E-mail: marie.gonzalez@unioncountync.gov Phone: 704-283-3683	Nov-15	Jan-16

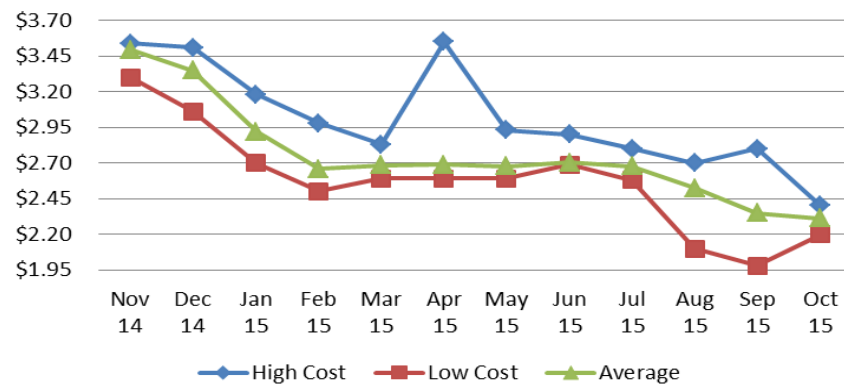
<i>Project Description</i>	<i>Solicitation Method</i>	<i>Procurement Contact Person</i>	<i>Advertisement Date (estimated)</i>	<i>Due Date (Estimated)</i>
Replacement of Domestic Water Piping @UCGC basement to 3 rd floor	IFB	Marie Gonzalez E-mail: marie.gonzalez@unioncountync.gov Phone: 704-283-3683	Dec-15	Jan-16
Equipment Maintenance and Repair	RFP	Marie Gonzalez E-mail: marie.gonzalez@unioncountync.gov Phone: 704-283-3683	Dec-15	Jan-16
Pump Maintenance and Repair	RFP	Marie Gonzalez E-mail: marie.gonzalez@unioncountync.gov Phone: 704-283-3683	Dec-15	Jan-16

Note: 1) The solicitation advertisement and due dates listed above are subject to change. Please check the Procurement web-page or contact a Procurement representative for updates. 2) IFB = Invitation for Bid, RFP = Request for Proposal, RFQ = Request for Qualifications, RFI = Request for Information.

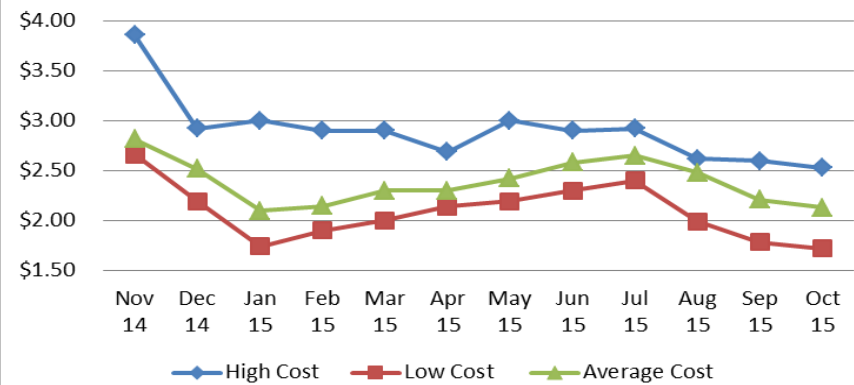
Fuel Trends

The Fuel Trends Report provides an overview of fuel costs for Union County for both Unleaded Fuel and Diesel for the proceeding 12 months. The graphs represent the monthly highest, lowest, and average cost paid for a gallon of fuel for all County-wide fleet fuel purchases by type.

Diesel per Gallon



Unleaded Fuel per Gallon



General Fund Report Highlights

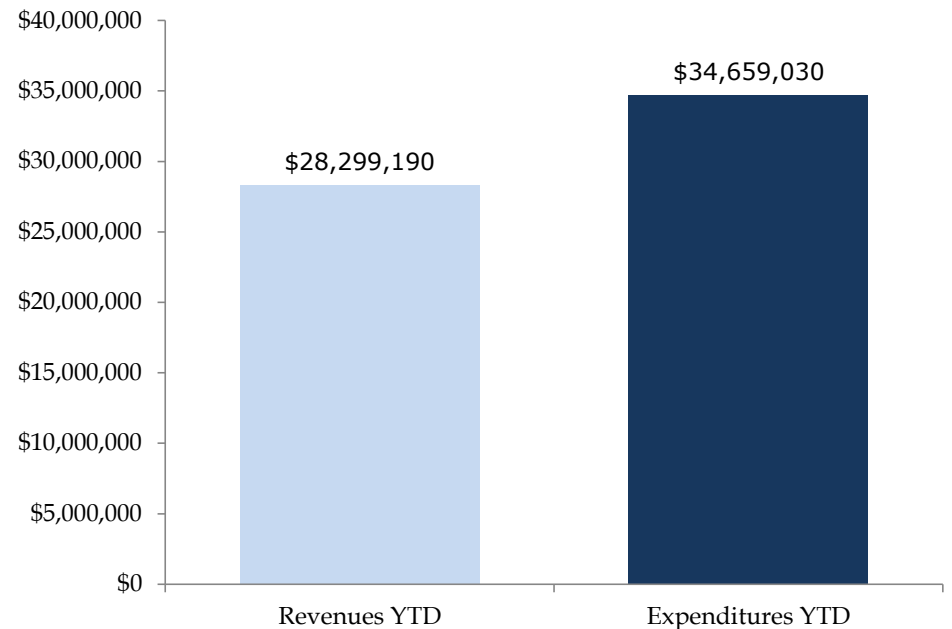
General Fund cash flows perform similarly to the combined funds chart seen on page 4. This is a result of the impact of ad valorem tax collections making up the largest part of the County-wide and General Fund budgeted revenues.

The General Fund is approximately \$82.72 million behind the same point last year in terms of revenue collections through May 31st. This is primarily due to ad valorem taxes being bifurcated between the General Fund and the School Budgetary Fund for the first time in FY 2015.

Also, the General Fund is approximately \$69.81 million behind the same point last year in terms of expenditures through May 31st. Again, this is primarily due to the separation of the School Budgetary Fund spending from the General Fund for the first time in FY 2015. This separation of spending caused a decline of \$73.96 million year over year in contracts, grants and subsidies, primarily due to payments to the school system in FY 2014. These payments to the school system are now a part of the School Budgetary Fund in FY 2015. There is also a decline in interfund transfers of \$9.34 million year over year at this point in time; primarily due to pay-go capital contributions to the school system in the General Fund in FY 2014 that are now a part of the Schools Budgetary Fund in FY 2015.

General Fund Cash Flow Analysis

	FY 2016 Revenue YTD	FY 2016 Expenditures YTD	Monthly Over/ (Under)
July	\$ 1,678,516	6,230,366	(4,551,850)
August	4,354,693	7,635,160	(3,280,467)
September	8,659,747	12,187,988	(3,528,241)
October	13,606,234	8,605,516	5,000,718
November	-	-	-
December	-	-	-
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
Total YTD	\$ 28,299,190	34,659,030	(6,359,840)



Neutral

Revenues collected and expenditures year to date are both behind the average due to the further partitioning of the General Fund to exclude EMS and VFD's. The net impact of this reduction in revenues and expenditures is neutral, compared to prior years.

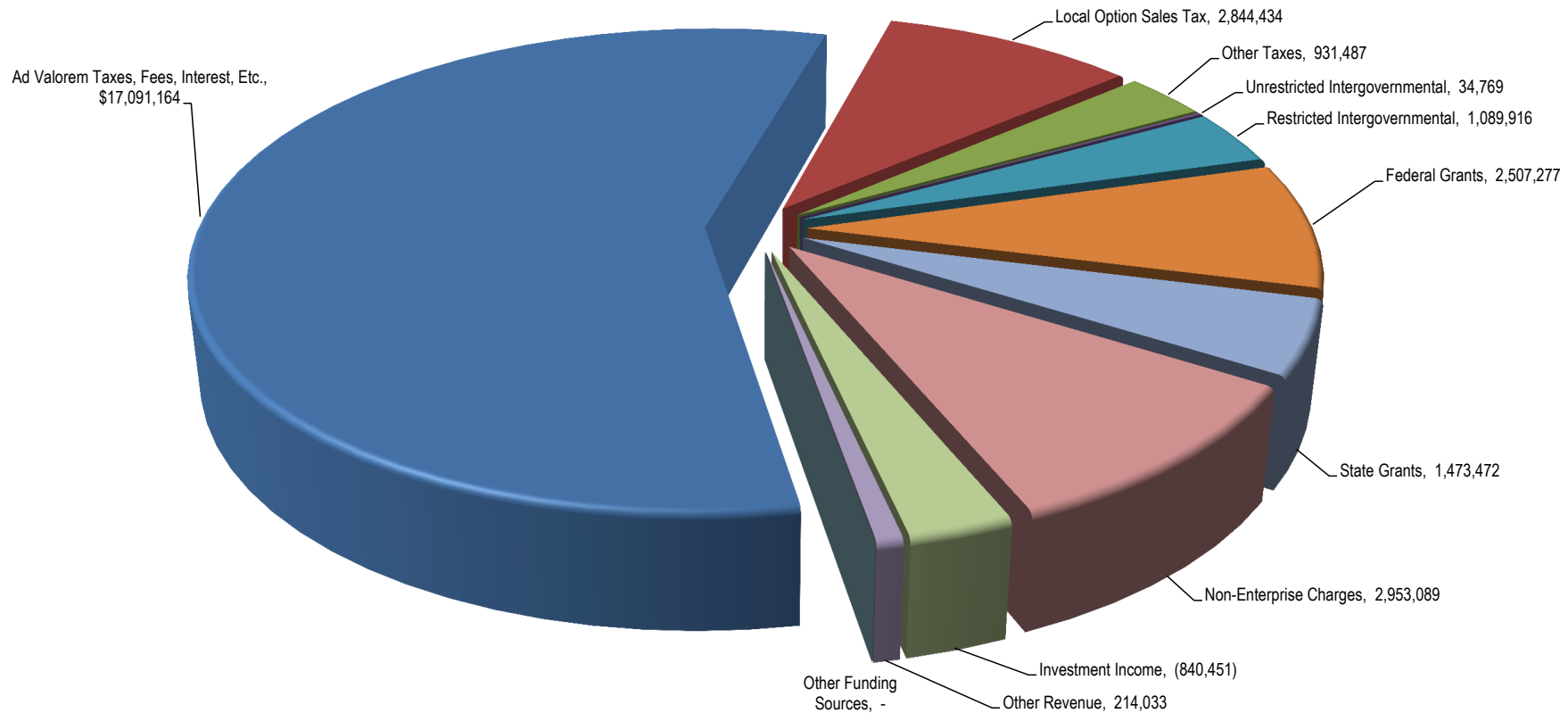
General Fund Fund Balance - Changes Year To Date

General Fund Fund Balance FYE 6/30/2015	\$ 82,085,833
Less: Non-Spendable Fund Balance	(783,121)
Less: Restricted Fund Balance	(17,830,894)
Less: Committed Fund Balance	(53,982,762)
Less: Assigned Fund Balance	<u>(3,382,024)</u>
Total Unassigned Available for Appropriation	<u>\$ 6,107,032</u>

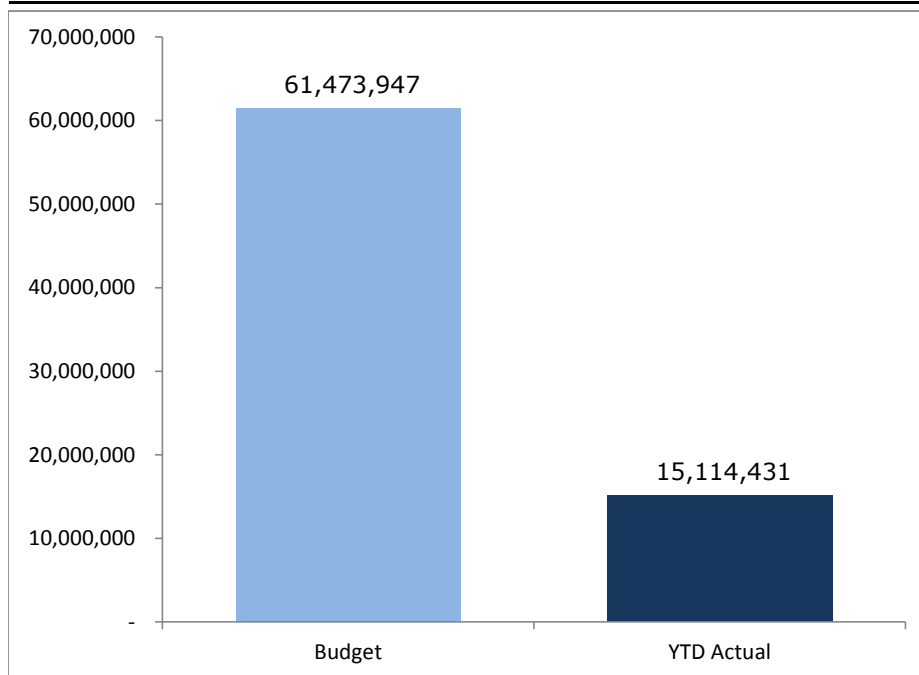
This is an overview of the General Fund's Fund Balance beginning at the end of the previous fiscal year (6/30/2015), and delineates the uses of fund balance during the current fiscal year. From the fund balance at the end of the last fiscal year, we remove project balances, restricted fund balances, and non-spendable fund balance.

General Fund Revenue

	FY 2016 Actual YTD	FY 2016 Revised Budget	FY 2016 % of Budget Realized	3 Yr. Avg % of Actual Realized	FY 2016 Variance To Average	Trend - Negative
Ad Valorem Taxes, Fees, Interest, Etc.	\$ 17,091,164	67,814,063	25.20%	25.41%	-0.21%	During the past three years, the General Fund has realized 20.49 percent of its actual revenues by October 31st. In FY 2016, the General Fund has realized 18.15 percent of its budget estimates. This shortfall is a result of aggressive budgeting for local option sales taxes, and ad valorem taxes that are .21% behind the County's 3 year average rate. In addition, both restricted intergovernmental and State Grants are trailing their historic 3 year average at this point. Investment income is negative due to prior year end accrual reversals in the current year; the amount will normalize as the year progresses. Realized budget revenues are skewed as a result of budgeted use of fund balance; without this line the variance would be negative 2.21
Local Option Sales Tax	2,844,434	34,518,523	8.24%	8.13%	0.11%	
Other Taxes	931,487	2,458,900	37.88%	34.15%	3.73%	
Unrestricted Intergovernmental	34,769	79,200	43.90%	30.13%	13.77%	
Restricted Intergovernmental	1,089,916	11,119,162	9.80%	12.69%	-2.89%	
Federal Grants	2,507,277	13,902,525	18.03%	15.24%	2.79%	
State Grants	1,473,472	8,746,434	16.85%	59.93%	-43.09%	
Non-Enterprise Charges	2,953,089	8,820,171	33.48%	33.42%	0.06%	
Investment Income	(840,451)	602,400	-139.52%	-1013.73%	874.21%	
Other Revenue	214,033	6,738,328	3.18%	3.70%	-0.52%	
Other Funding Sources	-	1,128,989	0.00%	0.00%	0.00%	
Total YTD	\$ 28,299,190	155,928,695	18.15%	20.49%	-2.34%	



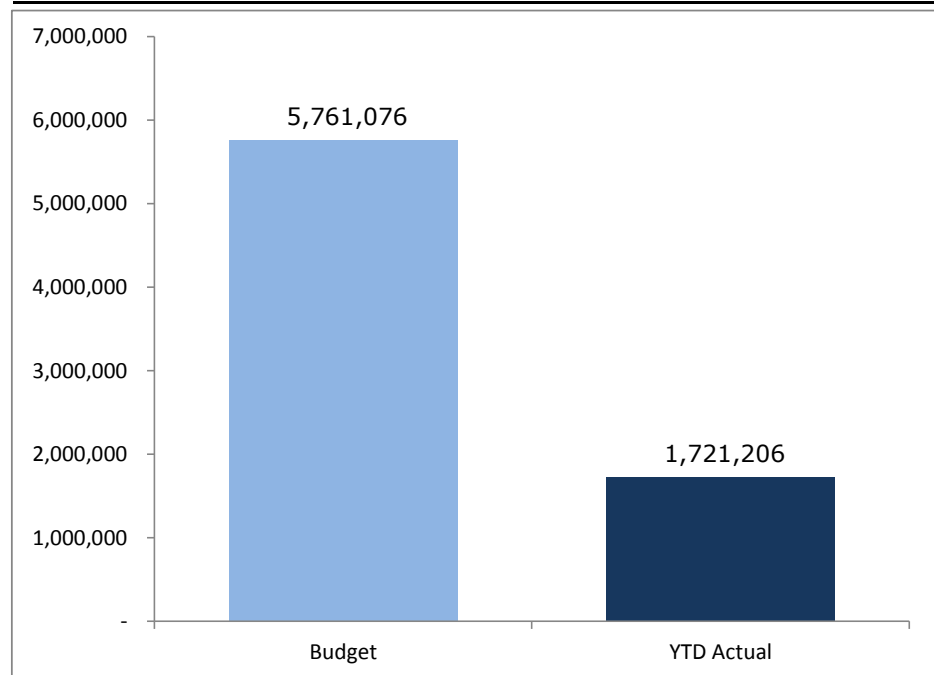
Current & Prior Ad Valorem Taxes		Revised Budget \$ 70,187,253		
	FY 2016 Actual YTD	FY 2016 % of Budget Realized	3 Yr. Avg % of Actual Realized	FY 2016 Variance To Average
July	\$ 587,153	0.96%	0.42%	0.53%
August	2,097,905	3.41%	4.28%	-0.86%
September	4,002,099	6.51%	4.50%	2.01%
October	8,427,274	13.71%	11.92%	1.78%
November	-	0.00%	0.00%	0.00%
December	-	0.00%	0.00%	0.00%
January	-	0.00%	0.00%	0.00%
February	-	0.00%	0.00%	0.00%
March	-	0.00%	0.00%	0.00%
April	-	0.00%	0.00%	0.00%
May	-	0.00%	0.00%	0.00%
June	-	0.00%	0.00%	0.00%
Total YTD	\$ 15,114,431	24.59%	21.12%	3.47%



Positive

The trend is positive as a result of the first four months of collections coming in ahead of the 3 year average actual collection rate. The collection rate is currently 3.47% ahead of the expected collection rate.

Current & Prior Ad Val. Taxes - Auto		Revised Budget \$ 5,518,060		
	FY 2016 Actual YTD	FY 2016 % of Budget Realized	3 Yr. Avg % of Actual Realized	FY 2016 Variance To Average
July	\$ 6,134	0.11%	9.01%	-8.91%
August	576,866	10.01%	8.10%	1.91%
September	592,756	10.29%	7.08%	3.21%
October	545,450	9.47%	9.10%	0.37%
November	-	0.00%	0.00%	0.00%
December	-	0.00%	0.00%	0.00%
January	-	0.00%	0.00%	0.00%
February	-	0.00%	0.00%	0.00%
March	-	0.00%	0.00%	0.00%
April	-	0.00%	0.00%	0.00%
May	-	0.00%	0.00%	0.00%
June	-	0.00%	0.00%	0.00%
Total YTD	\$ 1,721,206	29.88%	30.01%	-0.13%



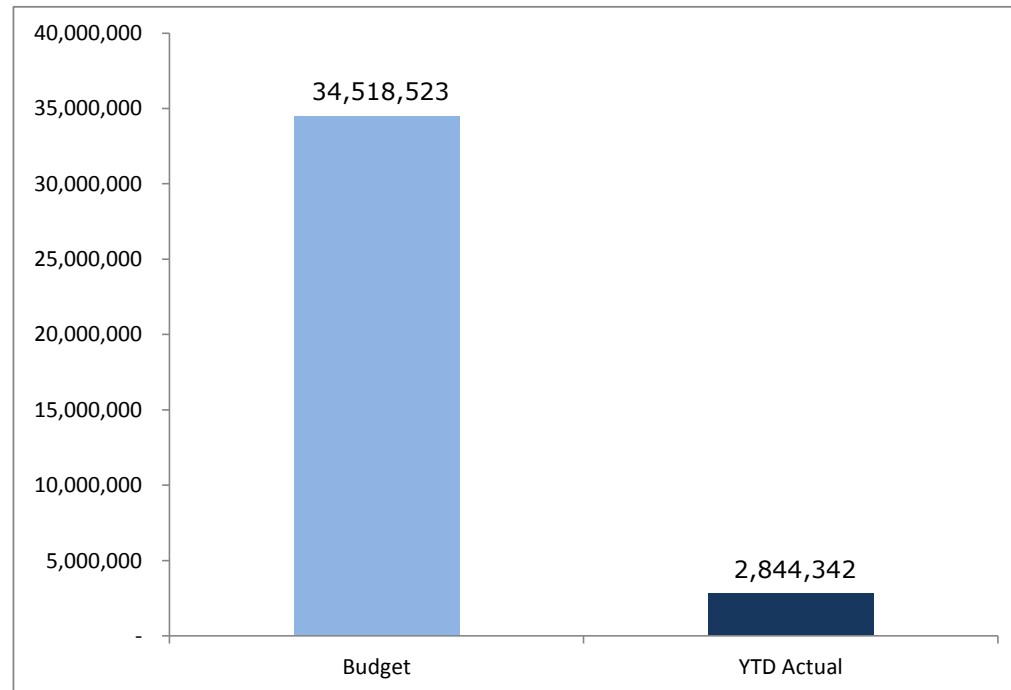
Neutral

The trend is on average in spite of the increase in collections in FY 2014 that skewed the 3 year average. That increase was due to the NCVTS change in FY 2014 which caused a one-time increase in vehicle tax collections.

Combined Local Option Sales Tax

Revised Budget \$ 34,518,523

	FY 2016 Actual YTD	% of Budget Realized	3 Yr. Avg % of Actual Realized	Variance To Average
July	\$ -	0.00%	0.00%	0.00%
August	-	0.00%	0.00%	0.00%
September	-	0.00%	0.00%	0.00%
October	2,844,342	8.24%	8.13%	0.11%
November	-	0.00%	0.00%	0.00%
December	-	0.00%	0.00%	0.00%
January	-	0.00%	0.00%	0.00%
February	-	0.00%	0.00%	0.00%
March	-	0.00%	0.00%	0.00%
April	-	0.00%	0.00%	0.00%
May	-	0.00%	0.00%	0.00%
June	-	0.00%	0.00%	0.00%
Total YTD	\$ 2,844,342	8.24%	8.13%	0.11%



Neutral

Combined Local Option Sales Taxes pursuant to North Carolina General Statutes Articles 39, 40 and 42 is up 0.11% over prior years' average to date calculated to budget.

Fiscal year ending 2011 was the bottom of the bell curve for local option sales tax revenues, and given sales tax yielded over 12% of the General Fund revenue in FY 2014, we would expect this to continue increasing as the economy improves.

The Local Option Sales Tax is shown on a 3 month delay. For example: retail sales that occur in July, are reported to the State in August, State distribution calculations occur during September, and local option sales tax distributions are sent to counties and municipalities during October. By the State Treasurer's accounting requirements, the local option sales taxes from sales that occur in April, May and June, which are distributed to counties and municipalities in July, August and September, must be accrued to or accounted for during the month of June of each fiscal year.

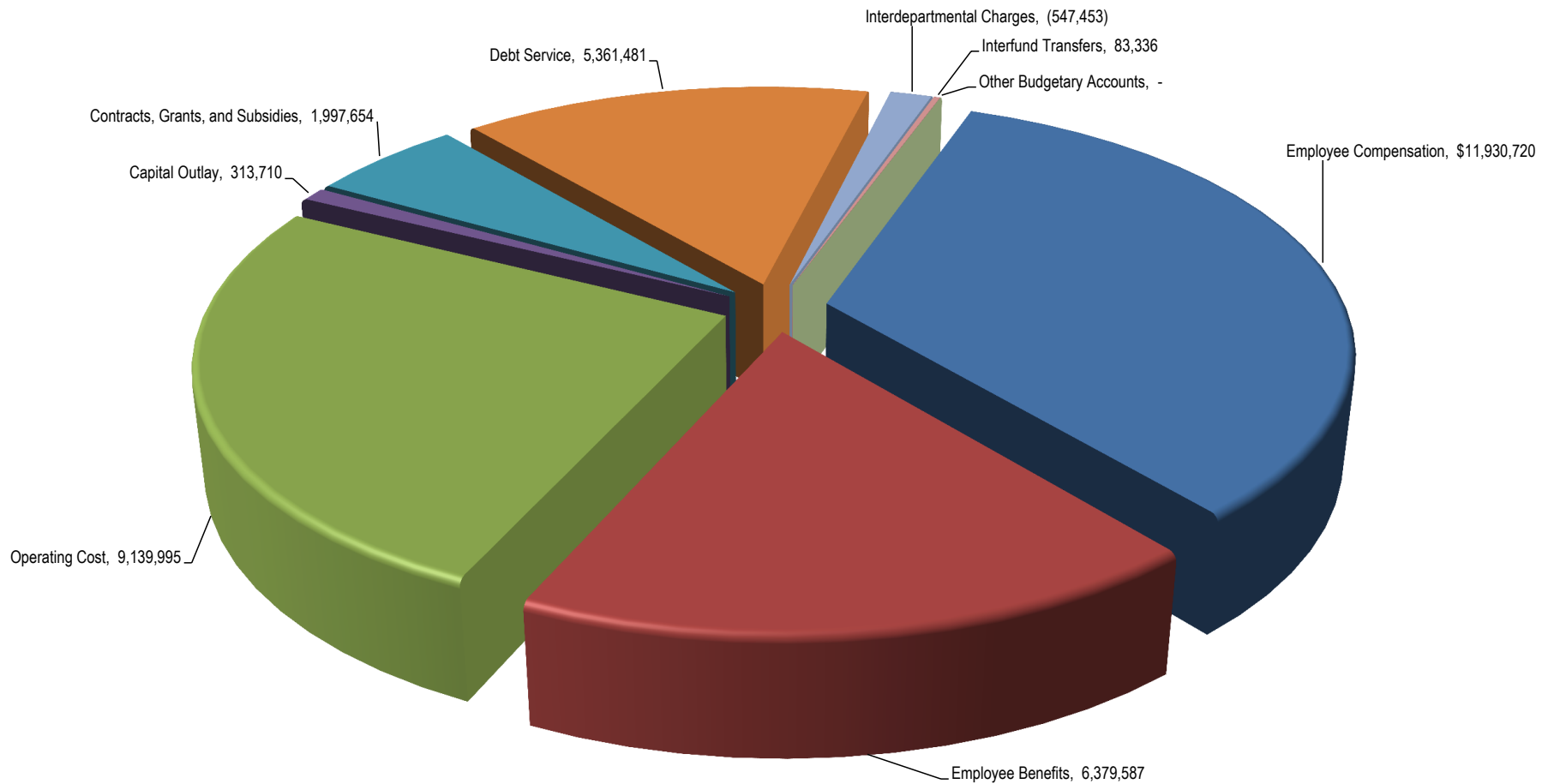
By State Statute, 30% of Article 40 and 60% of Article 42 must be spent on school capital outlay or debt service for school capital outlay. These percentages of the local option sales taxes are currently all used by the County to pay a portion of the school facilities debt service.

General Fund Expenditures

	FY 2016 Actual YTD	FY 2016 Revised Budget	FY 2016 % of Budget Realized	3 Yr. Avg % of Actual Realized	FY 2016 Variance To Average
Employee Compensation	\$ 11,930,720	41,634,082	28.66%	29.91%	-1.25%
Employee Benefits	6,379,587	23,961,518	26.62%	27.64%	-1.02%
Operating Cost	9,139,995	35,843,693	25.50%	28.23%	-2.73%
Capital Outlay	313,710	2,332,766	13.45%	29.60%	-16.15%
Contracts, Grants, and Subsidies	1,997,654	6,181,790	32.32%	34.03%	-1.71%
Debt Service	5,361,481	47,302,278	11.33%	12.15%	-0.81%
Interdepartmental Charges	(547,453)	(1,984,232)	27.59%	26.38%	1.21%
Interfund Transfers	83,336	250,000	33.33%	21.58%	11.75%
Other Budgetary Accounts	-	406,800	0.00%	0.00%	0.00%
Total YTD	\$ 34,659,030	155,928,695	22.23%	26.63%	-4.40%

Trend - Positive

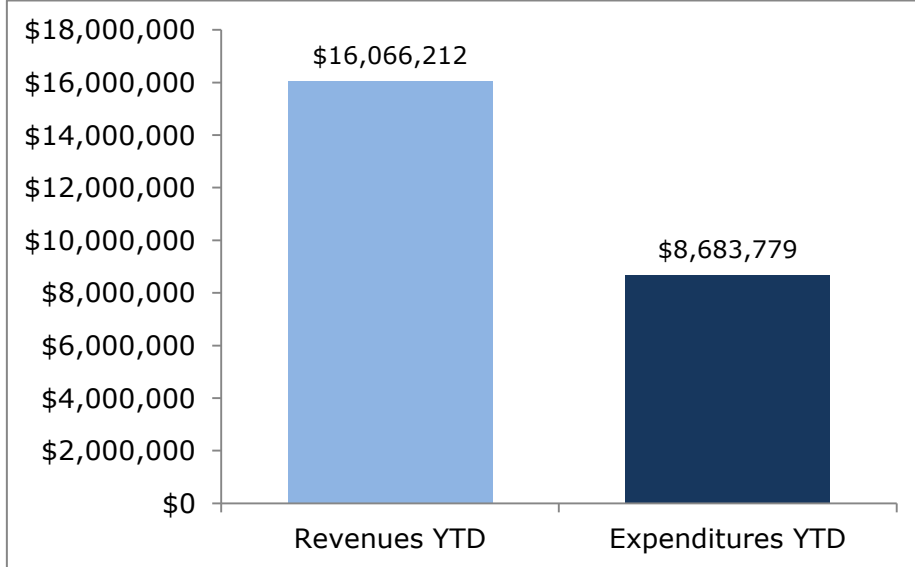
During the past three years, the General Fund has realized 26.63 percent of its actual expenditures by October 31st. In FY 2016, the General Fund realized 22.23 percent of its budget estimates. This is a result of lower than normal employee compensation, benefit costs, operating costs, capital outlay and contracts, grants and subsidies year to date.



Water and Sewer Fund Highlights

Water and Sewer Fund Cash Flow Analysis

	FY 2016 Revenue YTD	FY 2016 Expenditures YTD	Monthly Over/(Under)
July	\$ 2,211,835	1,429,477	782,358
August	5,184,228	2,231,062	2,953,166
September	4,067,403	2,313,600	1,753,803
October	4,602,746	2,709,640	1,893,106
November	-	-	-
December	-	-	-
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
Total YTD	\$ 16,066,212	8,683,779	7,382,433



Positive

Revenues are up over 46% from the same point in FY 2015, while expenditures have increased by roughly 19%. Net Revenues are now 102% higher than the same period last year. Much of this is due to a dryer and hotter than normal summer, driving the demand for water.

In comparison to FY 2015, the current fiscal year is off to a much better start. Through the first 4 months last year the Water and Sewer Fund had a \$3.6 million positive cash flow, compared to the current year with a \$7.3 million positive cash flow.

The dry spring in 2015 helped elevate water sales, and allowed the fund to finish the year off strong. In FY 2016 a hot and dry summer has increased the need for irrigation and the fund's trend benefitted from the increase in water sales. Positive cash flow during the beginning of the year is necessary to support debt service principal payments at the end of the year, in the months of April and June.

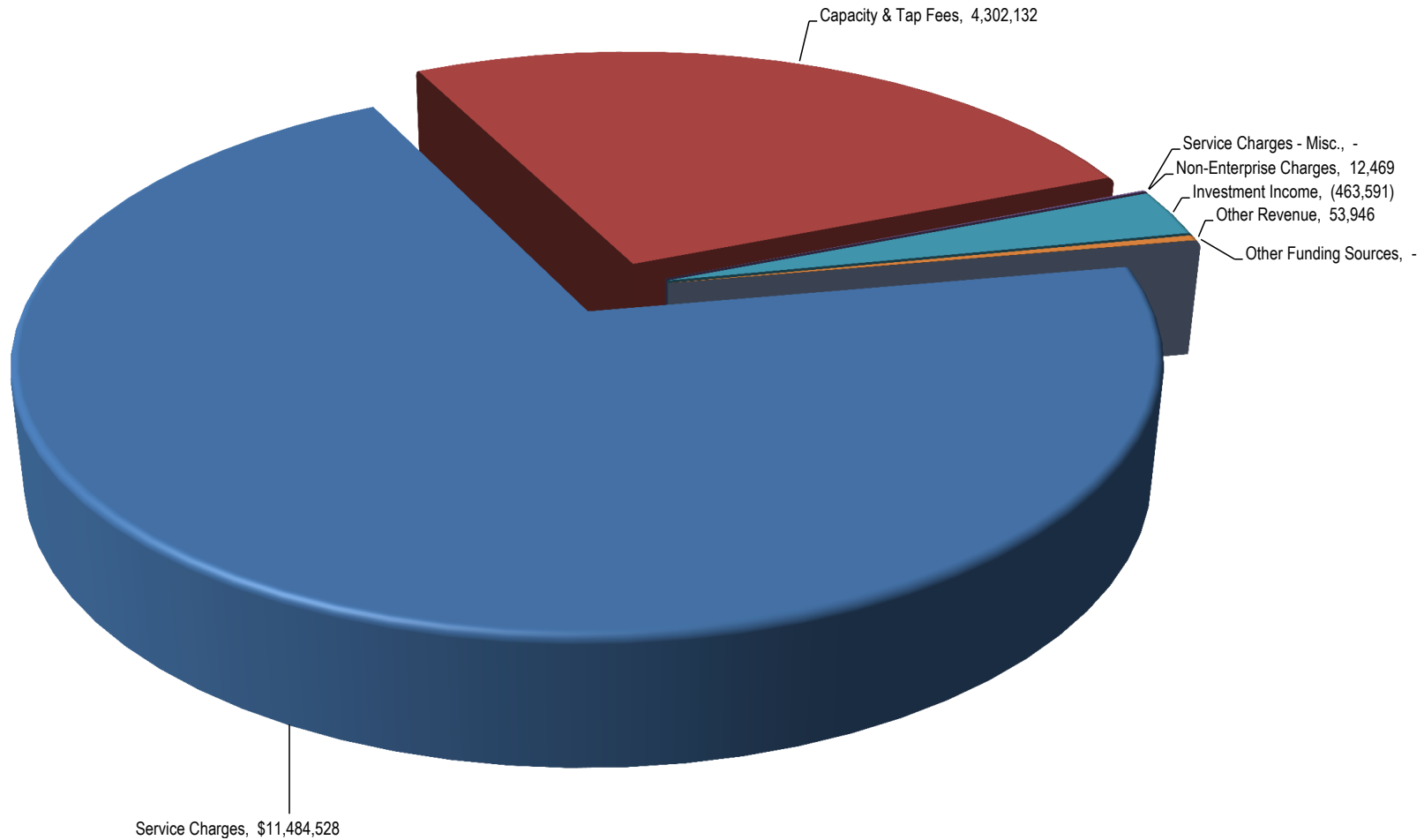
Additionally, the fund implemented the second of a three phase of rate increases approved and adopted in June 2014 and take effect each July through FY 2017.

Water and Sewer Revenue

	FY 2016 Actual YTD	FY 2016 Revised Budget	FY 2016 % of Budget Realized	3 Yr. Avg % of Actual Realized	FY 2016 Variance To Average
Service Charges	\$ 11,484,528	33,212,044	34.58%	29.08%	5.50%
Capacity & Tap Fees	4,302,132	3,821,408	112.58%	27.48%	85.10%
Service Charges - Misc.	-	-	0.00%	34.88%	-34.88%
Non-Enterprise Charges	12,469	35,000	35.63%	31.70%	3.92%
Investment Income	(463,591)	312,932	-148.14%	115.33%	-263.48%
Other Revenue	53,946	37,657	143.26%	32.10%	111.15%
Other Funding Sources	-	852,525	0.00%	0.00%	0.00%
Total YTD	\$ 15,389,484	38,271,566	40.00%	26.73%	13.26%

Trend - Positive

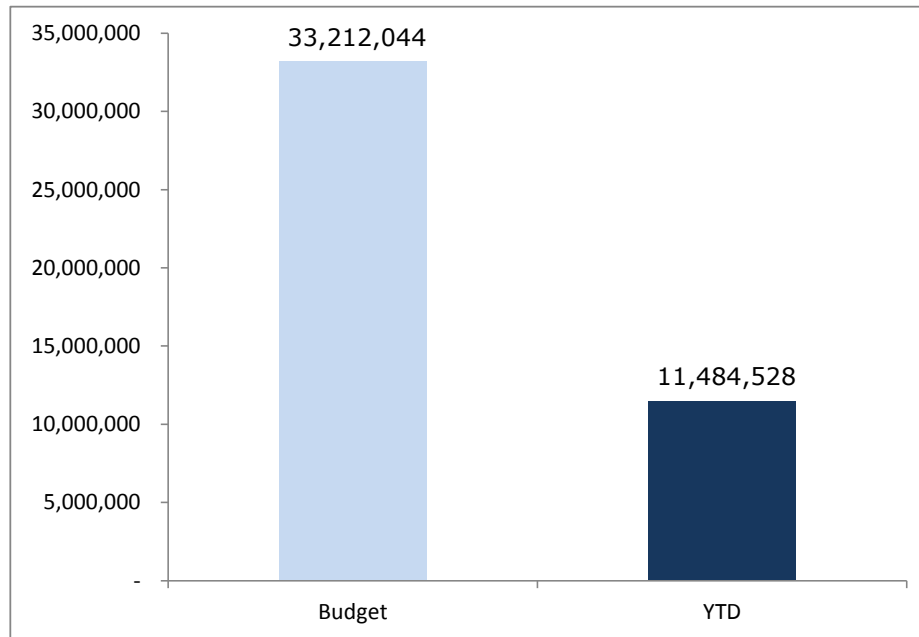
The County Water and Sewer Revenue is 13.26% above the 3-year average actual realized revenues collected. This is a combination of above average revenue generation in Service Charges and Capacity and Tap Fees, which make up 97% of all revenues. Investment income is negative due to prior year end accrual reversals in the current year; the amount will normalize as the year progresses.



Service Charges

Revised Budget \$ 29,497,367

	FY 2016 Actual YTD	FY 2016 % of Budget Realized	3 Yr. Avg % of Actual Realized	FY 2016 Variance To Average
July	\$ 874,735	2.63%	2.31%	0.33%
August	3,578,873	10.78%	8.78%	2.00%
September	3,295,077	9.92%	8.75%	1.17%
October	3,735,843	11.25%	9.24%	2.01%
November	-	0.00%	0.00%	0.00%
December	-	0.00%	0.00%	0.00%
January	-	0.00%	0.00%	0.00%
February	-	0.00%	0.00%	0.00%
March	-	0.00%	0.00%	0.00%
April	-	0.00%	0.00%	0.00%
May	-	0.00%	0.00%	0.00%
June	-	0.00%	0.00%	0.00%
Total YTD	\$ 11,484,528	34.58%	29.08%	5.50%



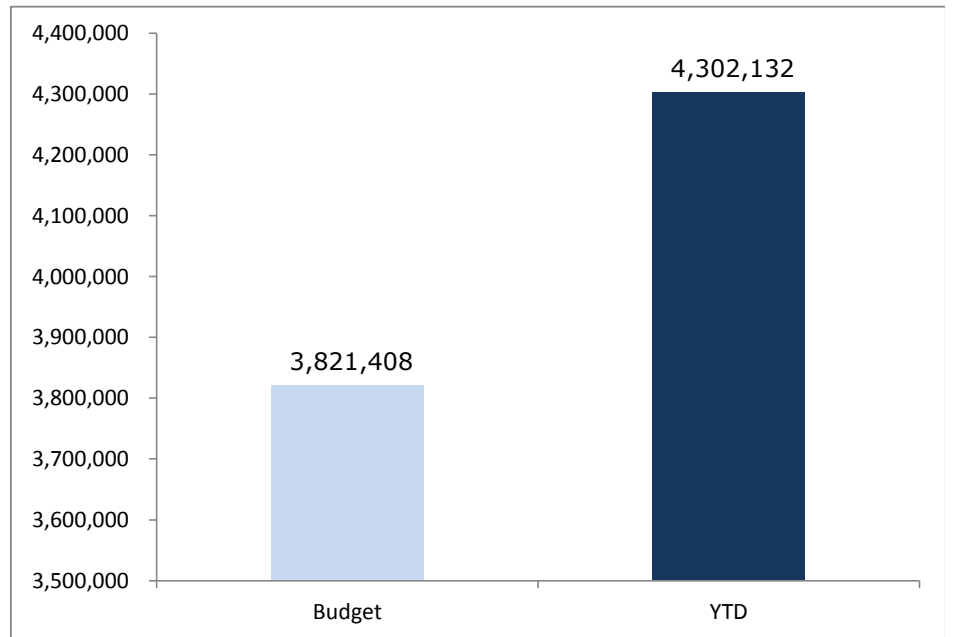
Positive

Service charges are 5.50% over the 3 year variance, which is inclusive of the 6.5% rate increase that was effective in July.

Capacity & Tap Fees

Revised Budget \$ 3,246,230

	FY 2016 Monthly Over/ (Under)	FY 2016 % of Budget Realized	3 Yr. Avg % of Actual Realized	FY 2016 Variance To Average
July	\$ 1,633,160	42.74%	7.58%	35.15%
August	1,421,030	37.19%	8.28%	28.90%
September	581,750	15.22%	6.44%	8.79%
October	666,192	17.43%	5.18%	12.25%
November	-	0.00%	0.00%	0.00%
December	-	0.00%	0.00%	0.00%
January	-	0.00%	0.00%	0.00%
February	-	0.00%	0.00%	0.00%
March	-	0.00%	0.00%	0.00%
April	-	0.00%	0.00%	0.00%
May	-	0.00%	0.00%	0.00%
June	-	0.00%	0.00%	0.00%
Total YTD	\$ 4,302,132	137.29%	27.48%	109.81%



Positive

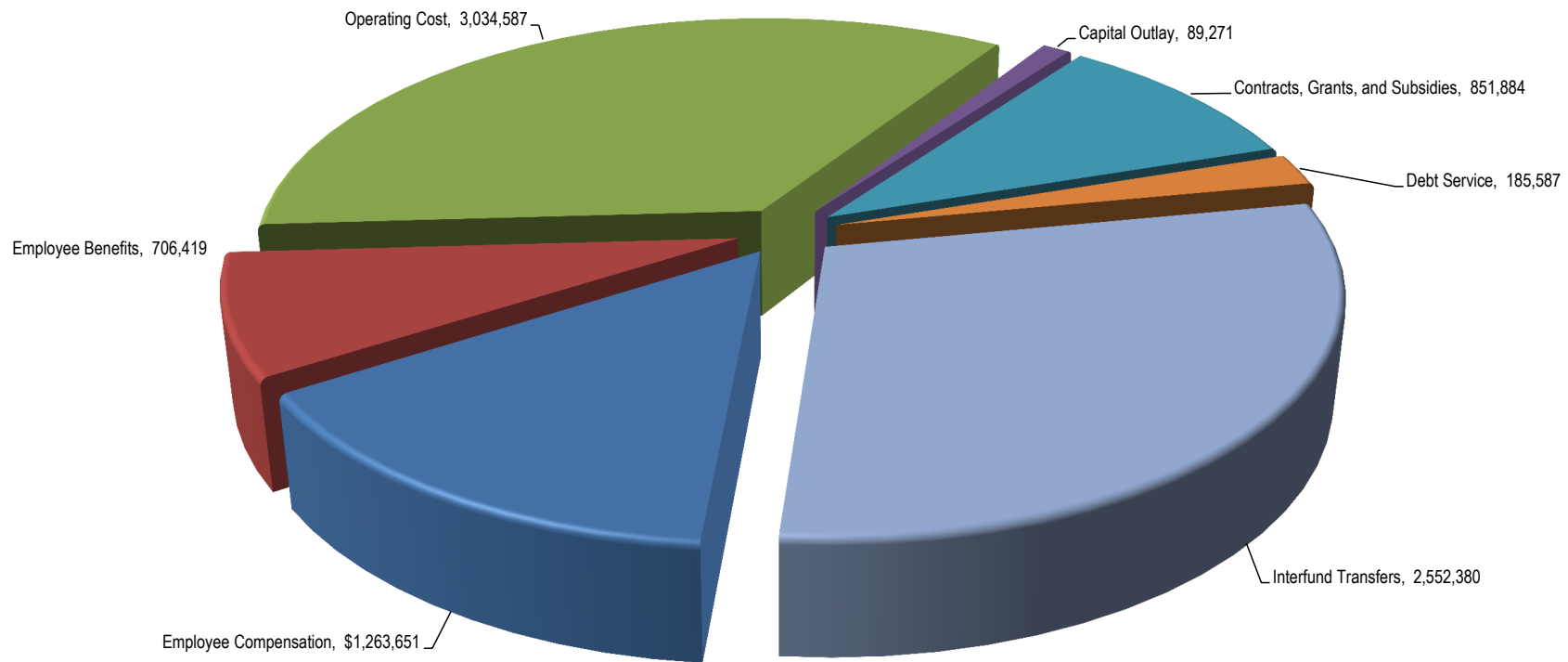
Capacity and Tap fees took off to a great start so far this year, with cumulative actual revenues exceeding annual budget through October. This year's fees were a significant improvement over last year, and YTD fees will exceed the 3 year variance, and annual budget.

Water and Sewer Expenditures

	FY 2016 Actual YTD	FY 2016 Revised Budget	FY 2016 % of Budget Realized	3 Yr. Avg % of Actual Realized	FY 2016 Variance To Average
Employee Compensation	\$ 1,263,651	4,262,599	28.14%	30.10%	-1.96%
Employee Benefits	706,419	2,414,677	26.28%	27.49%	-1.21%
Operating Cost	3,034,587	13,844,032	20.78%	22.19%	-1.41%
Capital Outlay	89,271	748,057	8.16%	12.93%	-4.77%
Contracts, Grants, and Subsidies	851,884	2,614,402	31.64%	22.36%	9.28%
Debt Service	185,587	6,155,226	2.79%	4.24%	-1.45%
Interfund Transfers	2,552,380	4,863,416	33.33%	21.47%	11.86%
Total YTD	\$ 8,683,779	39,865,255	21.78%	19.45%	2.34%

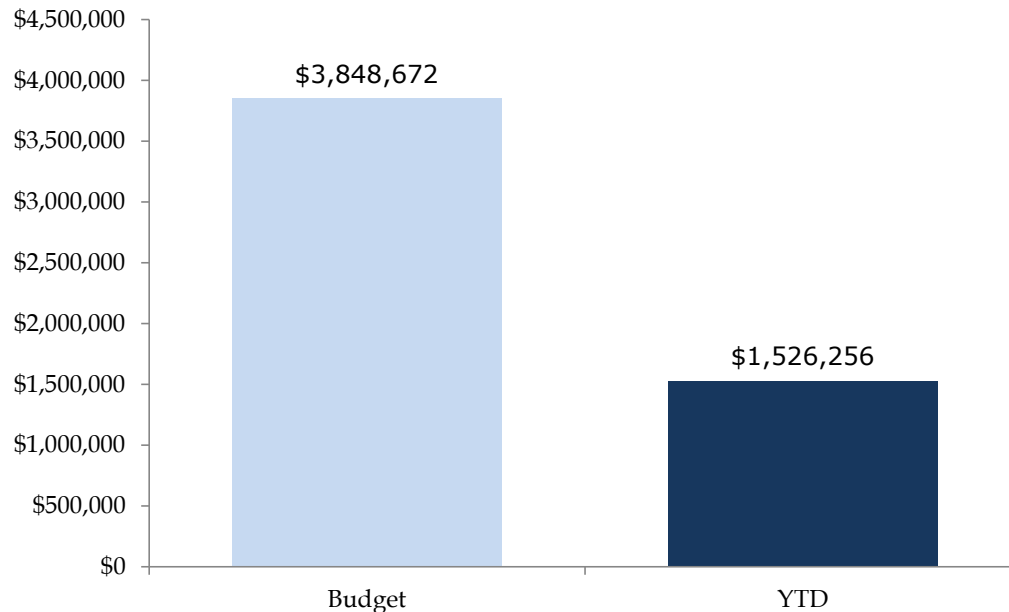
Trend - Neutral

The Water and Sewer expenditure trend is neutral as a result of expenditures being within 2.5% of their 3 year averages through the same period. Employee benefits, operating cost, interfund transfers, and capital outlay are all below their 3 year averages. Contracts are up as a result of a contract with CMUD to operate the waste water treatment plants. As part of that contract, employee compensation is down to offset some of those costs. If you were to exclude interfund transfers and



Solid Waste Fund Operating Revenue

Tipping & Bag Fees		Revised Budget \$ 4,084,501		
	FY 2016 Actual YTD	FY 2016 % of Budget Realized	3 Yr. Avg % of Actual Realized	FY 2016 Variance To Average
July	\$ 385,357	10.01%	8.99%	1.02%
August	386,366	10.04%	8.71%	1.33%
September	367,389	9.55%	7.70%	1.84%
October	387,144	10.06%	8.07%	1.98%
November	-	0.00%	0.00%	0.00%
December	-	0.00%	0.00%	0.00%
January	-	0.00%	0.00%	0.00%
February	-	0.00%	0.00%	0.00%
March	-	0.00%	0.00%	0.00%
April	-	0.00%	0.00%	0.00%
May	-	0.00%	0.00%	0.00%
June	-	0.00%	0.00%	0.00%
Total YTD	\$ 1,526,256	39.66%	33.48%	6.18%



Positive

This trend is Positive due to fees being generated that are currently 6.18% above historical levels.

The Solid Waste Fund Revenues are performing above their 3 year average through October.

YTD the County is approximately \$193K above of the same point last year, with regard to revenues collected.



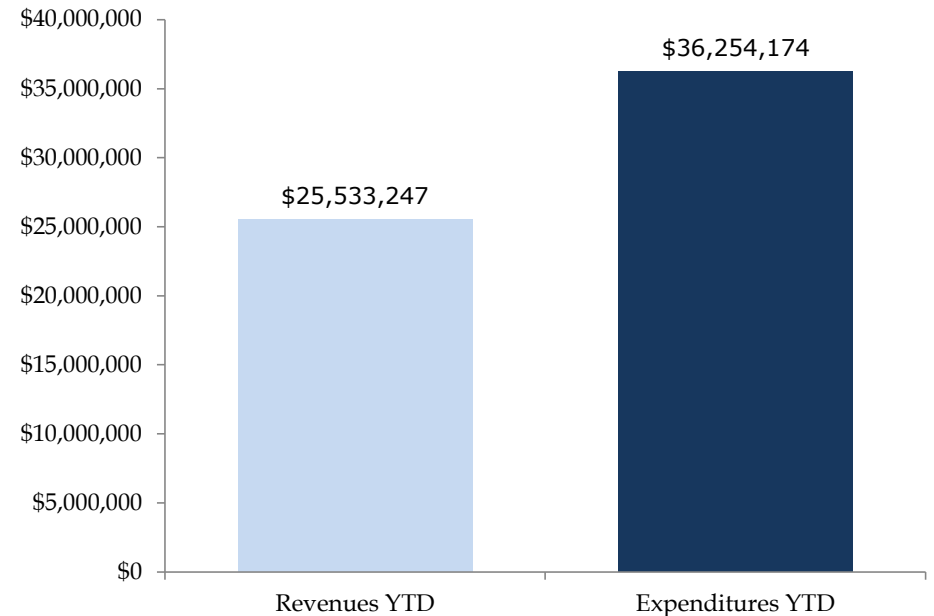
Schools Budgetary Fund Report Highlights

The School Budgetary Fund is a new fund and will typically be negative over the first several months of the fiscal year, as a result of revenues derived from ad valorem property taxes that are collected in earnest starting in October.

We expect this fund to close the fiscal deficit by November, however, in the mean time, have used funds on hand in order to pay for the expenditures to the Local Education Agency, which are broken into 12 monthly installments. Furthermore, it is expected that the fund will run a monthly deficit starting in February as a result of the slow down in ad valorem tax collection payments.

Schools Fund Cash Flow Analysis

	FY 2016 Revenue YTD	FY 2016 Expenditures YTD	Monthly Over/ (Under)
July	\$ 181,824	9,045,778	(8,863,954)
August	4,138,242	9,070,851	(4,932,609)
September	7,147,210	9,068,838	(1,921,628)
October	14,065,971	9,068,707	4,997,264
November	-	-	-
December	-	-	-
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
Total YTD	\$ 25,533,247	36,254,174	(10,720,927)



Neutral

When expenditures exceed revenues, the County is forced to dip into funds on hand to provide the LEA their monthly allotment.